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2 July 1970

MEMORANDUM FOR: Deputy Director for Intelligence

SUBJECT : Report on the Office of Economic
Research for Fiscal Year 1970

1. This brief summary of progress during FY 1970 supplements the more detailed calendar year report submitted to you by this Office. In summary, FY 1970 saw the levelling off of OER published production at a high plateau, rather than a continuation of the sharp increases that marked the two previous years. These increases could not continue indefinitely at present staffing levels. (See the accompanying table.)

Support to OCI

2. We are pleased to note that our contributions to OCI serial publications, particularly to the Bulletin, are continuing to increase. There has been a growing participation by the Free World area branches in this effort; while overall production for the CIB was up 50 percent over FY 1969, Free World output more than doubled. Specifically:

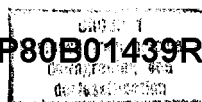
OER Items Published in the CIBs

1st half of:

1970	238, of which 77 by Free World branches
1969	156, of which 32 by Free World branches
1968	143, of which 46 by Free World branches

ADP Progress

3. The departure of [REDACTED] (he is being 25X1A9a retained as a consultant) highlights the fact that our ADP activities have come of age. The OER Workshop on Computer Applications has trained about 60 analysts in Fortran and mathematic tools of economic analysis. We are now submitting about 500 jobs a month to the "batch system," using the 360/65, and are taking steps to increase the number of remote consoles in OER.

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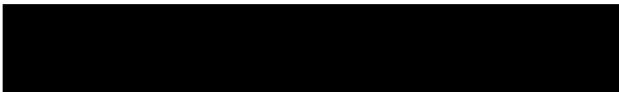
The key management techniques which have made this a successful effort are: (1) select a first class man to direct the effort; (2) back him 100 percent; (3) place him and his people in a Staff capacity with the mission to assist and cooperate with the line branches rather than in competition with them; (4) leave the final responsibility for ADP projects with the line analysts; and (5) put in the necessary training effort.

Indochina

4. Indochina continues to occupy over one-fifth of our manpower resources and to account for nearly one-fourth of our published production. Much of this work is the product of OER's major role in evaluating Communist logistic flows, requirements and losses; VC/NVA order of battle; and the changing security situation in South Vietnam. The Office also provides Agency representation on interagency committees dealing with measures to stabilize South Vietnam's economy in the current period and to enable the economy to carry on over the longer term. Cambodian developments have caused a new surge of White House requests for intelligence support on Indochina, particularly order of battle estimates.

Western European Reorganization

5. As part of a continuing review to obtain the most efficient use of research resources, we have just augmented our effort on Western Europe by replacing the former Western Europe Branch with a European Community Branch and an Atlantic-Mediterranean Branch. The additional coverage will permit OER to meet the need for fuller analysis of such important topics as economic developments in the European Economic Community (EEC), trends affecting international financial stability, Western European tariff policy, and the role of US investment and technology in Western Europe.


EDWARD L. ALLEN
Director
Economic Research

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Attachment:

OER Production and Support Activities,
Fiscal Years 1967-1970

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